

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MARCH 20, 2014**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

P. Ryan Beckett, Chairman
Eads, Jay; Representing Insurance Commissioner Mike Chaney, MS Insurance
Department
Lanford, Mike; Deputy Attorney General, Representing Attorney General Jim Hood
Upchurch, Kevin; Executive Director, MS Department of Finance and Administration

Also present were:

Dale, Corey; Fisher Brown Bottrell Insurance, Inc.
Donaldson, Bruce; Tort Claims Board
Goode, Mark; Willis of North Carolina, Inc.
Hilton, Sherri; Department of Finance & Administration
Honeycutt, Mike; Willis of North Carolina, Inc.
Jackson, Laura; Cannon Cochran Management Services, Inc.
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Moxley, Richard; Willis of North Carolina, Inc.
Preziosi, Misti; Office of the State Treasurer
Scott, Leslie; MS Association of Supervisors
Surrette, Derrick; MS Association of Supervisors
Woodcock, J. D. "Woody"; Attorney General's Office
Young, Anissa; MS School Boards Association
Younger, Jim; Department of Public Safety

Motion was made by Mr. Lanford to approve the minutes of the January 9, 2014, meeting. Mr. Eads seconded the motion, which passed unanimously.

Under Old Business, Anissa Young, Insurance Program Manager with the Mississippi School Boards Association (MSBA), and Mike Honeycutt with Willis of North Carolina, Inc. were present to discuss their proposal for a Self-Insured Casualty Program. Mr. Honeycutt made a brief presentation reviewing coverages, expected participation, and funding. Mr. Corey Dale, with Fisher Brown Bottrell Insurance, Inc., spoke to the Board about the role of the local agent within the program. Although not present for the meeting, Chris Burkhalter, actuary for the Board, reviewed the MSBA proposal and presented a written summary of his findings and

recommendations: (1) any approval should be tentative pending submission of a list of participating members, exposure and premium actuals, a finalized contract for excess insurance coverage, as well as copies of signed member agreements detailing joint-and-several liability; (2) MSBA should submit quarterly loss runs for the first year of the program; and (3) annually, in accordance with the MS Tort Claims Act, MSBA will submit an actuarial report for the trust, audited financial statements, details of any insurance purchased, and new rate analysis if the Board deems necessary. Mr. Upchurch moved for approval of the program subject to Mr. Burkhalter's stipulations. Mr. Lanford seconded the motion, which passed unanimously.

Also under Old Business, Derrick Surrence, Executive Director of the Mississippi Association of Supervisors (MAS), Leslie Scott, MAS General Counsel, as well as Mark Goode and Richard Moxley of Willis, were present to provide an update of their self-insured program and provide additional requested documentation. The information was received and the Board will look for the first annual report from MAS in July 2015.

Lastly, Mrs. McElroy provided Board members a final update on the pertinent legislation for the 2014 Legislative Session. Although SB2623 did not pass this Session, the Chairman expressed his support of the legislation and the need to continue to push this legislation.

Under New Business, Mrs. McElroy presented a recommendation for renewal of the actuarial contract with Chris Burkhalter of Bickerstaff Whatley Ryan & Burkhalter. His current contract expires June 30, 2014. The new contract is for a period of three (3) years with the option to renew for one (1) additional year. Mr. Upchurch made a motion to approve the contract with the one year extension as presented. Mr. Lanford seconded the motion, which passed unanimously.

Also under New Business, Mrs. McElroy presented a recommendation to amend the current contract with CS STARS to provide for the purchase, implementation, and ongoing support of the Certificates module of the CS STARS System. This module will take the place of the current FoxPro Political Subdivision database, which is outdated and unsupported by Windows 7 and later operating systems. The amendment increases the scope of work and adds \$36,750 to the dollar amount of the contract for the addition of Certificates. The current contract end date of September 30, 2015, remains in effect. Mr. Eads made a motion to approve the contract amendment, and Mr. Upchurch seconded the motion. The motion was unanimously approved.

Mr. Logan presented the financial report for fiscal year 2014 through February 28, 2014. The Cash Flow Analysis details total assessments received of \$4.1 million (100% of total assessment) and total expenditures of \$3.7 million. Total funds of \$15.4 million breakdown by account with \$2.75 million in the Treasury, \$319,385 in the Trustmark TPA account, and \$12.34 million in investments. Mr. Logan advised that the fund has \$7.43 million in reserves and \$7.98 million in unencumbered funds. Reserves levels are up but stable. Expenses include claim payments of \$1.2 million and legal expenses of \$588,629. Mr. Logan then reviewed the Budget Comparison by category for fiscal year 2014 noting that we were in line with the time of year and the budget.

In Mr. Wilson's absence, Mr. Logan presented the portfolio highlights through February 2014. The current portfolio yield is 2.28% with year-to-date interest earned of \$143,870. According to Mr. Wilson, we are outperforming induced and peers. Misti Preziosi, Director of Investments & Cash Management for State Treasurer Lynn Fitch, noted that she would report on changes in the Treasury's investment requirements and resulting investment guidelines per MS Code Ann. § 27-105-33 at a later Board meeting.

Mr. Milner provided members a report of his Loss Control activities since the last Board meeting. The recent winter weather has provided some challenges and lessons for building maintenance and employee safety. He also noted our work with the McComb MDOT district for a median turn-around for official State vehicles on Highway 61 around Woodville.

Mrs. McElroy presented one (1) attorney for inclusion in the approved Attorney Register: T. Philip Huskey of Wise Carter Child & Caraway, P.A. Mr. Huskey does meet the eligibility requirements of the Board and staff recommends approval. Mr. Upchurch moved to approve and Mr. Lanford seconded. The motion passed unanimously.

Mrs. McElroy presented a list of 49 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mr. Lanford made a motion to approve the list and Mr. Eads seconded the motion, which passed by unanimous vote.

There was no Claims Report, however, Mr. Donaldson did request the opportunity to discuss the potential impact of the Little case at the next Board meeting for Board input and direction. Mr. Donaldson recognized Laura Jackson, manager of our account with Canon Cochran Management Services, Inc. who will be retiring at the end of May. The Chairman, on behalf of the Board, thanked Laura for her service to the Mississippi Tort Claims Board and wished her well in retirement.

There being no further business to come before the Board, the meeting was adjourned.



P. RYAN BECKETT, CHAIRMAN



MIKE CHANEY, BOARD MEMBER

TRUDY FISHER, BOARD MEMBER

Laura Jackson, Deputy
LYNN FITCH, BOARD MEMBER

Jim Hood
JIM HOOD, BOARD MEMBER

Albert Santa Cruz
ALBERT SANTA CRUZ, BOARD MEMBER
by James W. Hooper

KEVIN J. UPCHURCH, BOARD MEMBER

Mississippi Tort Claims Board
Thursday, March 20, 2014 – 1:30 P.M.

AGENDA

- I.** Approval of Minutes
 - A. January 9, 2014

- II.** Old Business
 - A. Mississippi School Boards Association Casualty Trust
 - B. Mississippi Association of Supervisors
 - C. Legislation Update

- III.** New Business
 - A. Approval of Bickerstaff, Whatley, Ryan & Burkhalter contract
 - B. Approval of amendment to CSSTARS contract

- IV.** Financial Reports
 - A. Financial Report – Jim Logan
 - B. Investment Report – Jeff Wilson

- V.** Loss Control – Steve Milner

- VI.** Attorney General's Report – Lea Ann McElroy

- VII.** Certificates of Coverage – Lea Ann McElroy

- VIII.** Claims Report – Bruce Donaldson

- IX.** Adjournment

Next meeting date and time: May 8, 2014 – 1:30 P.M.
Meeting location: Suite 138, Conference Center North, Woolfolk Building, Jackson, MS

**MINUTES OF
MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, JANUARY 9, 2014**

The Mississippi Tort Claims Board (Board) meeting was held at 1:30 p.m. in Room 138, Woolfolk State Office Building; 501 North West Street; Jackson, Mississippi.

The following members were present, constituting a quorum:

P. Ryan Beckett, Chairman
Chaney, Mike; Commissioner, MS Insurance Department
Jackson, Laura; Deputy State Treasurer, Representing Treasurer Lynn Fitch
Kelsey, Christina; Representing Insurance Commissioner Mike Chaney, MS Insurance Department
Lanford, Mike; Deputy Attorney General, Representing Attorney General Jim Hood

Also present were:

Burkhalter, Chris; Bickerstaff, Whatley, Ryan & Burkhalter
Donaldson, Bruce; Tort Claims Board
Goode, Mark; Willis of North Carolina, Inc.
Hilton, Sherri; Department of Finance & Administration
Hopson, Senator Briggs; Senate
Jackson, Laura; Cannon Cochran Management Services, Inc.
Kelly, Trina; Tort Claims Board
Logan, Jim; Tort Claims Board
McElroy, Lea Ann; Tort Claims Board
Milner, Steve; Tort Claims Board
Scott, Leslie; MS Association of Supervisors
Thames, Lee; MS Insurance Department
Wells, Teresa; Tort Claims Board
Wilson, Jeff; Trinity Capital
Woodcock, J. D. "Woody"; Attorney General's Office
Younger, Jim; Department of Public Safety

Motion was made by Mr. Lanford to approve the minutes of the November 14, 2013, meeting. Mrs. Jackson seconded the motion, which passed unanimously.

Under Old Business, Mrs. McElroy presented a recommendation for legislation to amend 11-46-9(1) and 11-46-9(1)(d) resulting from the Supreme Court decision in the case of Floyd K. Little, Estate of Roger D. Pierce and Kelly Sykes v. Mississippi Department of Transportation. Following discussion, Commissioner Chaney made a motion that Senator Hopson work with Mr. Lanford and Mrs. McElroy and proceed with drafting legislation. Mr. Lanford seconded the motion, which passed unanimously.

Also under Old Business, the Chairman offered belated birthday wishes to Commissioner Chaney on the occasion of his 70th birthday.

Under New Business and for information purposes only, Mrs. McElroy provided Board members a summary of 2014 legislation affecting the Mississippi Tort Claims Act. She will continue to update the Board throughout the Legislative Session.

Also under New Business, Leslie Scott with the Mississippi Association of Supervisors (MAS) and Mark Goode with Willis of North Carolina, Inc. were present to discuss their proposal for a Self-Insured Liability Trust. Mr. Goode made a brief presentation reviewing coverages, expected participation, and funding. At the conclusion of Mr. Goode's comments, Commissioner Chaney made a motion that the Board enter Closed Session. Mr. Lanford seconded the motion for the sake of discussing the issue of Executive Session. The meeting room was cleared. Following a review of Miss. Code Ann. § 25-41-7, Commissioner Chaney made a motion to exit Closed Session. Mr. Lanford seconded the motion, and those in attendance returned to the meeting. As the actuary for the Board, Chris Burkhalter reviewed the MAS proposal and presented a summary of his findings and recommendations: (1) any approval should be tentative pending submission of a list of participating members, exposure and premium actuals, a finalized contract for excess insurance coverage, as well as copies of signed member agreements detailing joint-and-several liability; (2) MAS should submit quarterly loss runs for the first year of the program; and (3) annually, in accordance with the MS Tort Claims Act, MAS will submit an actuarial report for the trust, audited financial statements, details of any insurance purchased, and new rate analysis if the Board deems necessary. Mr. Lanford moved for approval of the program subject to Mr. Burkhalter's stipulations and the MS Insurance Department's approval of the Trust's third party administrator for the property program per Miss. Code Ann. § 19-7-7. Mrs. Jackson seconded the motion, which passed unanimously.

Mr. Logan presented the financial report for fiscal year 2014 through December 31, 2013. The Cash Flow Analysis details total assessments received of \$3.25 million (approximately \$850,000 shy of total billed) and total revenue through December of \$4.34 million. Expenditures total \$3.0 million, including claim payments of \$1,042,309 and legal expenses of \$397,431. Total funds of just under \$15 million breakdown by account with \$2.42 million in the Treasury, \$226,933 in the Trustmark TPA account, and \$12.3 million in investments. Mr. Logan advised that the fund has \$7.02 million in reserves. The average claim paid was \$2,612 with an average reserve of \$9,218. Mr. Logan then reviewed the Budget Comparison by category for fiscal year 2014 noting that we were operating well within the constraints of our budget.

Mr. Jeff Wilson reviewed the portfolio highlights through December 2013, noting not much change since our last meeting. The portfolio has earned just under 2.0% for the calendar year. The current yield is a touch over 2.25% and should remain stable.

Mr. Milner was unable to attend the meeting but provided members a report of his Loss Control activities since the last Board meeting.

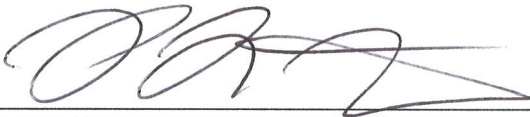
Mrs. McElroy presented one (1) attorney for inclusion in the approved Attorney Register: Frank F. Farmer of Frank F. Farmer, PLLC. Mr. Farmer does meet the eligibility requirements

of the Board and staff recommends approval. Mr. Lanford moved to approve and Mrs. Jackson seconded. The motion passed unanimously.



Mrs. McElroy presented a list of 59 political subdivisions with the recommendation that all be approved for renewal of Certificates of Coverage. Mr. Lanford made a motion to approve the list and Mrs. Kelsey seconded the motion, which passed by unanimous vote.

There was no Claims Report.

There being no further business to come before the Board, the meeting was adjourned.



P. RYAN BECKETT, CHAIRMAN



MIKE CHANEY, BOARD MEMBER

TRUDY FISHER, BOARD MEMBER



LYNN FITCH, BOARD MEMBER



JIM HOOD, BOARD MEMBER



ALBERT SANTA CRUZ, BOARD MEMBER





KEVIN J. UPCHURCH, BOARD MEMBER

MISSISSIPPI SCHOOL BOARDS ASSOCIATION CASUALTY TRUST

**DISCUSSION DOCUMENT FOR MS TORT CLAIMS
BOARD**

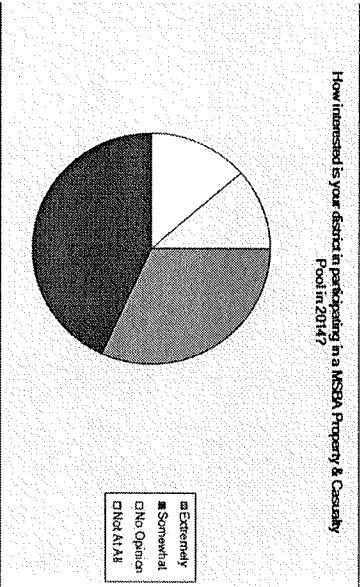
Villis

DISTRICT SURVEY FINDINGS

- Polled School Districts in September of 2013:
- 88 Responded Within 7 Days
- Sample Questions & Responses

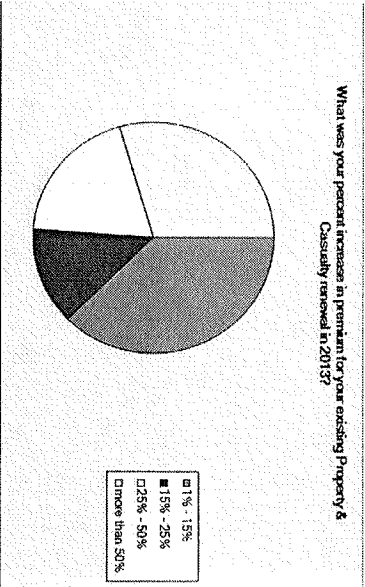
How interested is your district in participating in a MSBA Property & Casualty Pool in 2014?

Answer Options	Response Percent	Response Count
Extremely	31.8%	28
Somewhat	43.2%	38
No Opinion	13.6%	12
Not At All	11.4%	10
		<i>answered question</i> 88
		<i>skipped question</i> 0



What was your percent increase in premium for your existing Property & Casualty renewal in 2013?

Answer Options	Response Percent	Response Count
1% - 15%	37.5%	33
15% - 25%	13.6%	12
25% - 50%	19.3%	17
more than 50%	29.5%	26
		<i>answered question</i> 88
		<i>skipped question</i> 0



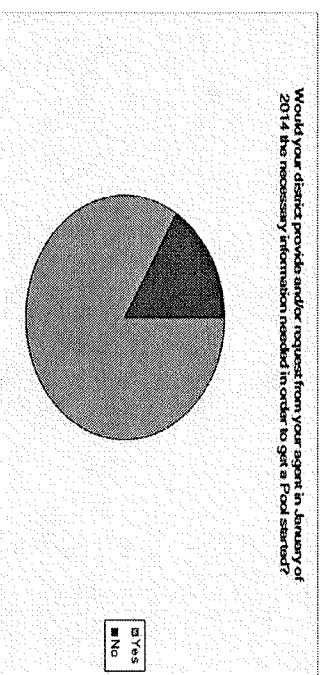
SURVEY RESULTS

What issues or problems, if any, did you have with your Property & Casualty renewal in 2013?

Answer Options	Response Count
	67
<i>answered question</i>	67
<i>skipped question</i>	21

Would your district provide and/or request from your agent in January of 2014 the necessary information needed in order to get a Pool started?

Answer Options		Response Percent	Response Count
Yes		83.7%	72
No		16.3%	14
answered question			86
skipped question			2

[illegible]

COVERAGES TO BE OFFERED

- General Liability
- Automobile Liability
- Educators Legal – to include Employee Benefits Liability and Law Enforcement Liability
- Sexual Abuse & Molestation
- Property – Building & Contents
- Boiler & Machinery
- Auto Physical Damage
- Crime

POOL SERVICE PROVIDERS

- Claims to be Handled by TPA (AS&G)
- Actuary – Aon Risk Solutions
- Pooling Brokerage, Reinsurance Placement, Underwriting & Admin Services – Willis North America
- Distribution – Retail Agents

DATA COLLECTION

- Strong Support from Key Agents – Bottrell, South Group, Stewart Sneed Hewes, Reynolds Ins Agency, Joiner-Sigler and IRM
- Data Collected & Provided to Actuary For Rate Study
 - 48 Districts Exposure & Loss Info
 - 35 Complete Data Sets (No Missing Information)
 - All Loss Data Valued with 12 Months as Required by DFA's Actuary
 - Current Year Exposure Trended Down 1% as Approved by DFA's Actuary (Agreed to 2% to 3%)
 - Actuarial Study – Completed by Aon Risk Solutions

FINANCIAL PRO-FORMA

Exposure Summary	Exposure	Proposed Rating	Contribution Required	
Members	48			
Autos	3,514			
ADA	150,221			
Gross Premiums				
AL	3,514	600.00	2,108,400	
EL/GL	150,221	23.10	3,470,105	
Total Gross Premiums			5,578,505	
Loss Fund				
AL	3,514	313.034	1,100,000	
EL/GL	150,221	13.979	2,100,001	
Total Loss Fund		57.36%	3,200,001	Plus \$1M Excess Loss Fund Limit provide by Bnt = \$4.2M
Primary Layer Reinsurance				
AL	3,514	132.33	465,001	
EL/GL	150,221	4.63	695,974	
Total Primary Layer Reinsurance Premium		20.81%	1,160,974	
Loss Fund & Reinsurance				
AL	3,514	445.36	1,565,000	
EL/GL	150,221	18.61	2,795,975	
Total Loss Fund & Reinsurance			4,360,975	
Operating Costs				
Agent Commission		10.00%	557,851	
Underwriting & Administration		3.00%	167,355	
Loss Control		1.25%	69,731	
Association Fees		1.75%	97,624	
Actuary		0.25%	13,946	
Misc Operating Costs		4.00%	223,140	
Claims Administration Cost		1.50%	83,678	
Total Operating Costs		21.75%	1,213,325	
Total Member Contribution Needed			5,574,300	
Net Income			4,205	



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
P. RYAN BECKETT, CHAIRMAN

MIKE CHANEY, Commissioner
Insurance Department
TRUDY FISHER, Executive Director
Department of Environmental Quality
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
ALBERT SANTA CRUZ, Commissioner
Department of Public Safety
KEVIN J. UPCHURCH, Executive Director
Department of Finance and Administration

MEMORANDUM

TO: MS Tort Claims Board
FROM: Lea Ann McElroy
DATE: March 20, 2014
RE: Mississippi School Boards Association (MSBA) Liability Trust

RECOMMENDATION: Based on Mr. Burkhalter's report, staff recommends approval of the proposal with the following stipulations:

- MSBA will provide the Board:
 - List of participating members
 - Exposure and premium actuals
 - Finalized contract for excess insurance coverage
 - Copies of signed member agreements detailing joint-and-several liability
- For the first year of the program, MSBA will submit quarterly loss runs.
- Annually, in accordance with the MS Tort Claims Act, MSBA will submit:
 - An actuarial report for the Trust
 - Audited financial statements
 - Details of any insurance purchased
 - New rate analysis if the Board deems necessary

**BICKERSTAFF, WHATLEY,
RYAN & BURKHALTER**
CONSULTING ACTUARIES

DAVID R. BICKERSTAFF
F.C.A.S., M.A.A.A.

PATRICK L. WHATLEY
F.C.A.S., M.A.A.A.

KEVIN M. RYAN
F.C.A.S., M.A.A.A.

CHRISTOPHER J. BURKHALTER
F.C.A.S., M.A.A.A.

RICHARD J. ROTH, JR.
F.C.A.S.

WINDRIE WONG
F.C.A.S., M.A.A.A.

P. O. Box 4132
PALM DESERT
CALIFORNIA 92261
(760) 360-3833
FAX (760) 346-2984

1701 N. COLLINS, SUITE 226A
RICHARDSON
TEXAS 75080
(972) 644-8172
FAX (972) 644-8768

SWEDESFORD CORPORATE CENTER
635 SWEDESFORD ROAD
SUITE 102
MALVERN
PENNSYLVANIA 19355
(610) 644-1937
FAX (610) 644-1596

P.O. Box 2245
RIDGELAND
MISSISSIPPI 39158
(601) 605-2006
FAX (601) 427-1504

March 15, 2014

Ms. Lea Ann McElroy
Administrator
Mississippi Tort Claims Board
P.O. Box 267
Jackson, MS 39205-0267

Re: Mississippi School Boards Association

Dear Ms. McElroy:

I have completed my review of the materials submitted by the Mississippi School Boards Association to the Tort Claims Board in support of their request to establish a self-insured liability trust. Specifically, I reviewed the following items.

- The DRAFT actuarial analysis produced by Aon.
- The excess insurance quote prepared by Brit.
- The pro-forma financial projections prepared by Willis.

Attached you will find a report with my findings. The first page of the report contains my summary and recommendations. Please contact me if you have any questions concerning the report.

Thank you for the opportunity to serve the Tort Claims Board and the State of Mississippi.

Sincerely,



Christopher J. Burkhalter, FCAS, MAAA
Vice President & Principal

Enclosure

*bwr*1144

Summary & Recommendations

1. The actuarial analysis, while not complete in documentation, appears to be based on generally-accepted actuarial techniques, and the selected actuarial parameters appear to be generally reasonable. *It is stressed that this finding depends directly and wholly on the veracity and completeness of the data submitted to the actuaries and used in the actuarial analysis.*
2. Willis states that actual participation in the group will not be known until the group is approved. This introduces greater uncertainty into the actuarial projections, as it will not be known what the actual projected loss levels will be.
3. The pro-forma statements submitted by Willis utilize conservatively-estimated loss rates, which will be necessary for the initial stages of a self-insured group.
4. While a quote has been made to the Trust and submitted by Will to the Board, the aggregate excess insurance terms have not been finalized. It is our recommendation that any approval of the group is issued under the condition that the aggregate excess insurance contract is submitted and affirmatively-approved by the management of the Tort Claims Board.
5. It is our understanding that members of the group will be required to sign statements of understanding concerning their joint-and-several liability in the group. It is our recommendation that the Tort Claims Board require the group administrator to submit copies of each such member statement to the Board.
6. It is our recommendation that any approval of the plan by the Tort Claims Board should be issued with the explicit stipulation that annual audited financial statements and actuarial reserve analyses be submitted to the Board no later than six months following the end of the fiscal year, and a further stipulation that the Board reserves the right to require actuarial rate analyses as it deems appropriate.

Review of Actuarial Analysis - General Liability

Loss Development – The factors used by the Trust’s actuaries “...are based on other similar programs with which we are familiar.” No further support is given to these factors. The case-incurred/reported loss development factors appear to be somewhat lower than the industry factors appearing in *Best’s Aggregates & Averages (2013 Edition)*, while the paid loss development factors generally appear to be in line with their counterparts in the industry-wide data set. Interpolation is performed using a linear average of the inverse of the cumulative development factors.

The loss development factors are applied to gross loss & ALAE, and then adjusted for excess development by subtracting the developed excess loss & ALAE for each claim.

Selected Ultimate Losses – Ultimate loss estimates appear to be based on a review of the multiple methods, with selections generally falling in the middle of the range of indications. A sensitivity analysis was performed to determine whether the selected loss fund rates would cover adverse years. The adequacy of the selected loss rates is addressed below. *It is stressed that the feasibility of the Trust depends on the veracity and completeness of the data sets provided by the potential members of the Trust, which come from diverse sources and have not been audited or independently-certified by the reviewer.*

Exposure Base – The exposure base is number of full-time equivalent students. The report indicates that only one year of exposure data was collected for each prospective member, and that this exposure was de-trended to historical points. Apparently, the trend factor used for this calculation was judgmental and identical for each member.

Selected Loss Rate – The loss rate appears reasonable based on the underlying actuarial analysis. Use of a high-confidence undiscounted estimate would be advisable while the Trust is in its initial phases. The loss fund rate of \$13.98 per student is 8% higher than any of individual years' projections among the seven actuarial methods, and it is 23% higher than the discounted actuarial central estimate produced by the independent actuaries, and it is above the 90% confidence level as produced by those actuaries.

Review of Actuarial Analysis - Automobile Liability

Loss Development – As in the general liability segment, the factors used by the Trust’s actuaries “...are based on other similar programs with which we are familiar.” No further support is given to these factors. The incurred loss development factors appear to be consistent with the Commercial Automobile industry factors appearing in *Best’s Aggregates & Averages (2013 Edition)*. Paid loss development factors used by the Trust’s actuaries are somewhat lower than the industry Commercial Auto factors, but significantly higher than Private Passenger Auto industry factors. While the predominant exposure could be assumed to be school buses, and therefore more like commercial auto in nature, there would also be a significant subset of private passenger vehicles in the fleet. Therefore, the factors appear to be generally-consistent with industry patterns. Interpolation is performed using a linear average of the inverse of the cumulative development factors.

The loss development factors are applied to gross loss & ALAE, and then adjusted for excess development by subtracting the developed excess loss & ALAE for each claim.

Selected Ultimate Losses – Ultimate loss estimates appear to be based on a review of the multiple methods, with selections generally falling in the middle of the range of indications. The overall selected ultimate losses were about 3% below the average of the methods. *It is stressed that the feasibility of the Trust depends on the veracity and completeness of the data sets provided by the potential members of the Trust, which come from diverse sources and have not been audited or independently-certified by the reviewer.*

Exposure Base – The exposure base is number of vehicles. The report indicates that only one year of exposure data was collected for each prospective member, and that this exposure was de-trended

to historical points. Apparently, the trend factor used for this calculation was judgmental and identical for each member.

Selected Loss Rate – The loss rate appears reasonable based on the underlying actuarial analysis. Use of a high-confidence undiscounted estimate would be advisable while the Trust is in its initial phases. The loss fund rate of \$313.03 per vehicle is higher than all but one of the individual years' projections among the seven actuarial methods; in this case, the loss funding fell short by 4.4%, which would presumably be picked up by any surplus in the general liability exposure, or, if there is none, by the aggregate excess insurance. The selected loss rate used in the pro-forma financial statements is 36% higher than the discounted actuarial central estimate produced by the independent actuaries, and it is above the 90% confidence level as produced by those actuaries.

Pro-Forma Financial Projections

Loss Fund – The loss fund portion of the premium collections appears to be based on estimated loss rates that are above the 90% confidence level as projected by the Trust's actuaries for each segment, general liability and automobile liability. Assuming statistical independence between the segments, this means that the probability of both segments exceeding the individual loss funds and the aggregate retention is estimated by the actuaries to be less than 1%.

Expenses – The pro-forma financial statements as submitted by Willis project a program underwriting expense ratio of 21.75%, which compares favorably to general insurance industry experience. It appears that about 5% of this represents fixed expenses, which will **not** be lower if participation in the Trust does not reach anticipated levels. An additional 20.81% is expected to be paid to the Trust's excess insurers. It is not clear what minimum premium provisions to the excess insurer would be in place. This would also represent a fixed cost that would be borne by whatever members have joined the Trust.

Tort Claims Act Legislation Summary 2014 Legislative Session

Bill No.	Introduced By	Action	MTCA Reference	Description	Notes
HB3	Chism	Referred to Jud A (1/7) Passed Committee (1/28) Passed House (2/6) Transmitted to Senate (2/7) Referred to Jud A (2/14) Died in Committee (3/4)	11-46-1(f)(iii)	Revises the new section to include any employee or member of the Mississippi Charter Schools Authorizer Board	11-46-1(f)(iii) was created last Session with the passage of the MS Charter Schools Act. It added "any employee or member of the governing board of a charter school" (not independent contractors) to the definition of employee.
SB2032	Kirby	Referred to Insurance; Jud A (1/10) Passed Insurance (1/22) Passed Jud A (1/28) Passed Senate (2/5) Transmitted to House (2/6) Referred to Insurance; Jud A (2/15) Passed both Committees as Amended (2/25) Amended (3/4) Passed House as Amended (3/4) Returned for concurrence (3/5)	11-46-1 et seq	Authorizes counties and municipalities to reimburse the cost of an insured's deductible for an UM claim even if immune under Tort Claims Act	Amendment changes the words "uninsured motorist" to "automobile insurance"
SB2623	Hopson	Referred to Jud A (1/20) Passed Committee (1/30) Amended (2/10) Passed Senate as Amended (2/10) Transmitted to House (2/12) Referred to Jud A (2/15) Died in Committee (3/4)	11-46-9	Clarify immunity	This is the one bill we requested be introduced per January 9 th Board meeting <i>Amended with reverse repealer in Senate. Will have to be amended in House.</i>



STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

MISSISSIPPI TORT CLAIMS BOARD
P. RYAN BECKETT, CHAIRMAN

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Department of Environmental Quality
LYNN FITCH, Treasurer
Department of Treasury

JIM HOOD, Attorney General
Office of Attorney General
ALBERT SANTA CRUZ, Commissioner
Department of Public Safety
KEVIN J. UPCHURCH, Executive Director
Department of Finance and Administration

MEMORANDUM

TO: MS Tort Claims Board
FROM: Lea Ann McElroy
DATE: March 20, 2014
RE: Actuary Contract

RECOMMENDATION: Staff recommends approval of contract renewal as noted.

Chris Burkhalter of Bickerstaff Whatley Ryan & Burkhalter – This contract continues our relationship with Mr. Burkhalter for actuarial services. His current contract is a one year renewal which expires June 30, 2014. This new contract is for a period of three years, with the option to renew for one additional year. Terms are as follows:

July 1, 2014 – June 30, 2015	\$10,000
July 1, 2015 – June 30, 2016	\$10,500
July 1, 2016 – June 30, 2017	\$11,000
1-year option through June 30, 2018	\$11,000

Work on other projects as directed will be billed at \$200/hour.



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GOVERNOR PHIL BRYANT

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MEMORANDUM

TO: MS Tort Claims Board
FROM: Lea Ann McElroy
DATE: March 20, 2014
RE: CS STARS Contract Amendment

RECOMMENDATION: Staff recommends approval of contract amendment as noted.

CS STARS, LLC – CS STARS is the provider for our Risk Management Information System, or claims database. This amendment provides for the purchase, implementation, and ongoing support of the Certificates module of the CS STARS system. This module will take the place of the current FoxPro Political Subdivision database, which is outdated and unsupported by Windows 7 and later operating systems.

Purchase of module, data conversion, and implementation	\$26,750
Annual fee (April 1, 2014 – March 31, 2015)	\$ 5,000
Annual fee (April 1, 2015 – March 31, 2016)	<u>\$ 5,000</u>
	\$36,750

Amendment increases the Scope of Work and Dollar Amount of the current contract for the addition of Certificates. Current contract ends September 30, 2015, and that date remains in effect.

MISSISSIPPI TORT CLAIMS BOARD
Combined Financial Report - Fiscal Year 2014
Fund 3080

-----CASH FLOW ANALYSIS-----

	January	February	Year-To-Date
REVENUE:			
Assessments Received	372,251.37	472,985.83	4,094,232.89
Interest	2,121.87	1,331.99	10,679.84
Investment Interest	9,829.70	11,890.49	143,869.17
Workers Comp Service Fees	0.00	7,181.07	14,362.14
Transfer In Funds	0.00	250,000.00	1,200,000.00
Total Revenue	\$ 384,202.94	\$ 743,389.38	\$ 5,463,144.04
EXPENSES:			
Claim Losses - TCB and TPA	139,715.92	22,623.78	1,204,648.81
Legal Expenses - TCB and TPA	137,331.11	53,866.54	588,628.59
Other Expenses - TCB and TPA	689.00	1,300.00	12,077.15
Administrative Expenses Paid	52,777.09	52,006.54	707,886.31
Transfer of Funds - Out	0.00	250,000.00	1,200,000.00
Total Expenses	\$ 330,513.12	\$ 379,796.86	\$ 3,713,240.86
FUNDS ON HAND:			
Beginning Balance	\$ 14,987,725.35	\$ 15,041,415.17	
Revenue	384,202.94	743,389.38	
Expenses	(330,513.12)	(379,796.86)	
Adjustments	0.00	0.00	
Total Funds	\$ 15,041,415.17	\$ 15,405,007.69	
Cash in Treasury	\$ 2,613,403.03	\$ 2,746,212.98	
Investment in Treasury	\$ 12,339,410.00	\$ 12,339,410.00	
TPA Trustmark Bank Balance	88,602.14	319,384.71	
Total Funds By Account	\$ 15,041,415.17	\$ 15,405,007.69	
Less Reserves	\$ 7,416,268.83	\$ 7,429,919.32	
Unencumbered Funds Available	\$ 7,625,146.34	\$ 7,975,088.37	

-----CLAIMS/RESERVES DETAIL (Year-To-Date)----

	Tort Board	Mgt. Services	TOTAL
Claims - Payments	\$ 39,497.38	\$ 1,165,151.43	\$ 1,204,648.81
Claims - Legal Expenses	588,628.59	-	588,628.59
Claims - Other Expenses	325.00	11,752.15	12,077.15
Total Paid Out to Date	\$ 628,450.97	\$ 1,176,903.58	\$ 1,805,354.55
OUTSTANDING RESERVES	118,049.37	7,311,869.95	7,429,919.32
Total Claims & Reserves	\$ 746,500.34	\$ 8,488,773.53	9,235,273.87
Number of Claims Created	106	542	648
Number of Claims Paid	69	419	488
Total Open Claims	36	629	665
AVG. CLAIM \$ / # CLAIMS PAID	\$572.43	\$2,780.79	\$ 2,468.54
AVG. RESERVE / OPEN CLAIMS	\$3,279.15	\$11,624.59	\$ 11,172.81

NOTE: Information represents combined operations for Treasury Fund 3080 and the Trustmark account (utilized by CCMSI).

MISSISSIPPI TORT CLAIMS BOARD

Budget Comparison Report

Treasury Fund 3080

Fiscal Year 2014

Expenses:	Total Budget	January 2014	February 2014	Year To Date Expenditures	Ending Balance	Percent Expended
A1-Salaries	\$ 532,706.00	\$ 44,654.81	\$ 43,864.18	\$ 333,838.10	\$ 198,867.90	62.67%
A2-Travel	8,050.00	0.00	291.97	931.71	7,118.29	11.57%
B-Contractual	4,710,264.00	144,649.26	61,300.98	958,706.79	3,751,557.21	20.35%
C-Commodities	8,300.00	794.38	436.70	3,183.15	5,116.85	38.35%
D2-Capital Outlay	3,500.00	0.00	0.00	0.00	3,500.00	0.00%
E-Subsidies	3,996,330.00	2,071.84	254,671.57	1,239,497.38	2,756,832.62	31.02%
SUBTOTAL	<u>\$ 9,259,150.00</u>	<u>\$ 192,170.29</u>	<u>\$ 360,565.40</u>	<u>\$ 2,536,157.13</u>	<u>\$ 6,722,992.87</u>	<u>27.39%</u>
TPA Expended		<u>138,342.83</u>	<u>19,231.46</u>	<u>1,177,083.73</u>		
TOTAL Expended		<u>\$ 330,513.12</u>	<u>\$ 379,796.86</u>	<u>\$ 3,713,240.86</u>		

TRINITY

TRINITY CAPITAL INVESTORS

March 3, 2014

Mr. Jim Logan
Mississippi Tort Claims Board
P O Box 267
Jackson, MS 39205-0267

Re: February 2014 Portfolio Highlights

Total Portfolio		\$12,591,057 + accrued
Calendar YTD Internal Rate of Return		1.15%
Current Portfolio Yield		2.28%
Weighted Average Life		Approximately 2.74 years
YTD Interest Earned	Fiscal year	143870
Accrued Interest		56334

1675 Lakeland Drive Suite 400 Jackson, MS 39216
Telephone 601-956-3511
Fax 601-956-3513

Security Inventory
Booking Report
February 2014
MISSISSIPPI TORT CLAIMS FUND

Security Group	Type	Par Value	Book Value/ Cost
AGEN	FNMA	875,000	882,275.00
	AID	250,000	268,427.50
	FHLB	4,155,000	4,183,050.00
	FHLMC	1,000,000	1,001,960.00
CMO	GNMA	4,712,998	4,319,497.21
	GN ARM	708,736	287,120.54
	GN FLOATER	474,564	151,740.94
	FHR	1,287,078	1,089,202.34
	FNR	353,134	321,870.89
INTEREST			11,890.49
CASH			85,912.55
			12,591,056.97

Transfer:

Trinity Capital Investors



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MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Steve Milner
DATE: March 20, 2014
RE: Loss Control Report

Since the last Board Meeting, loss control and risk management services for both the Tort Claims Board and the State Agencies Self Insured Workers' Compensation Trust have included:

- 4 Defensive Driving Classes
- 10 State Property Inspections
- 18 Ergonomic Assessments
- 7 State Property Construction Inspections
- 9 Accident Investigations
- 5 Office Safety Classes
- 2 Safety Orientations
- 1 Pre Construction Safety Meeting
- 1 Risk Management Planning Meeting



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MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Lea Ann McElroy
DATE: March 20, 2014
RE: Additions to Defense Attorney List

RECOMMENDATION: Staff recommends approval of (1) attorney for inclusion on Defense Attorney List

T. Philip Huskey
Wise Carter Child & Caraway, P.A.
Post Office Box 651
Jackson, Mississippi 39205-0651

WISE CARTER
WISE CARTER CHILD & CARAWAY, P.A.
ATTORNEYS AT LAW

T. PHILIP HUSKEY
JACKSON OFFICE

TPH@WISECARTER.COM
DIRECT LINE: (601) 944-7729
FACSIMILE: (601) 968-5593

February 3, 2014

Mississippi Tort Claims Board
ATTN: Bruce Donaldson, Claims Manager
501 N.W. Street, Suite 1301-C
Jackson, MS 39201

Re: *Application for inclusion on approved attorney register*

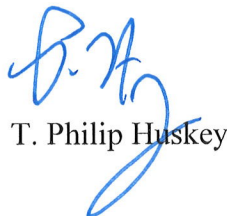
Dear Mr. Donaldson:

I am writing to request inclusion on the approved attorney register of the Mississippi Tort Claims Board. I am writing to familiarize you with my practice, currently with Wise Carter Child & Caraway, P.A. in Jackson. Over the course of the last 16 years, my practice has been focused in civil and tort litigation, insurance defense, commercial and business litigation, public liability litigation and state and federal workers' compensation. I have enclosed a copy of my resume' for the Board's review.

In addition to my resume' I am also enclosing my firm's marketing brochure with two of my business cards. As you can see, in addition to my services, our law firm can offer innovative legal solutions for a wide variety of corporate, litigation, regulatory, administrative, or public liability and governmental matters that arise in Mississippi.

I appreciate your time and consideration. If you have any questions, please do not hesitate to contact me.

Sincerely,
WISE CARTER CHILD & CARAWAY, P.A.


T. Philip Huskey

TPH/lam
Enclosures

407 Shadowood Drive
Ridgeland, MS 39157
601/898-0038 (Home)
601/968-5500 (Office)
601/968-5593 (Fax)

T. PHILIP HUSKEY

Attorney At Law

Firm

WISE CARTER CHILD & CARAWAY, P.A.
Heritage Building
401 E. Capitol Street, Suite 600
Jackson, Mississippi 39201

Mailing Address: Post Office Box 651
Jackson, Mississippi 39205-0651

Email Address: tph@wisecarter.com

Personal

Date of Birth: April 17, 1972
Marital Status: Married to Joyce Williams Huskey
Two Children: Daughters, AnnDee Elizabeth and Array Lee

Education

University of Mississippi School of Law, Oxford, MS 1994 - 1997
■ Juris Doctor

Mississippi College 1992 - 1994
■ Bachelor of Arts with Special Distinction, History

Activities & Honors

- Top Grade in International Law, Fall 1996
- *The Journal of National Security Law* Award, 1996-97
- Staff Member and Executive & Managing Editor, *The Journal of National Security Law*
- BV Martindale Hubbell Peer Review Rating

Experience

- WISE CARTER CHILD & CARAWAY, P.A. Jackson, MS
Associate Attorney – 2012 to Present

Areas of Practice: Liability Insurance Defense, Civil litigation, Administrative Law, State and Federal Workers' Compensation, Maritime law, Collections, business litigation and formation, Alternative Dispute Resolution, and General Practice

- WRIGHT & MARTIN, LLP Ridgeland, MS
Associate Attorney – 1999 to 2012

Areas of Practice: Liability Insurance Defense, Civil litigation, Administrative Law, State and Federal Workers' Compensation, Maritime law, Collections, business litigation and formation, and General Practice

- BARTON & WILLIAMS Pascagoula, MS
Associate Attorney – 1997 to 1999

Areas of Practice: Litigation, Administrative Law, State and Federal Workers' Compensation, Criminal Defense, Collections, Maritime Law and General Practice

- U. S. ATTORNEY'S OFFICE FOR THE
NORTHERN DISTRICT OF MISSISSIPPI Oxford, MS

Legal Intern – 1996 to 1997

Responsibilities: Legal research, writing briefs, and other legal documents, as well as trying misdemeanor cases and Social Security cases before the U.S. Magistrate for Northern Mississippi.

**Experience
cont'd.**

- *THE JOURNAL OF NATIONAL SECURITY LAW*

Executive & Managing Editor – 1996 to 1997

Responsibilities: Managed a student and faculty run law journal with a staff of 40 law students and a budget of approximately \$12,000.00. The *Journal* is the combined effort of Duke University, the University of Mississippi and the University of Virginia.

**Reported
Decisions**

- *Dowdle Butane Gas Co. v. Walter Moore*, 831 So. 2d 1124 (Miss. 2002) [Mississippi's spoliation of evidence case].
- *Bernard v. 33 Foods, Inc.*, 905 So. 2d 1290 (Miss. Ct. App. 2004).
- *Willow Creek Exploration, Ltd. v. Tadlock Pipe & Equip., Inc.*, 186 F. Supp. 2d 675 (S.D. Miss. 2002).
- *Fluker v. State*, 2010 Miss. App. LEXIS 95 (Miss. Ct. App. 2010).
- *Carpenter v. Kenneth Thompson Builder, Inc., et al.*, 2013 WL 2180136 (Miss. Ct. App. 2013).

Community

- 2002 to 2003 Chairman, Jackson Young Lawyers City Court Mediation Program
- Treasurer, Ann Smith Elementary School Parent Teacher Organization, Ridgeland, Mississippi, 2009-2010
- Board Member, City of Ridgeland Planning Commission and Zoning Board, 2007-present
- Board Member, Madison County Board of Education, 2010 to present.
- President, Madison County Board of Education, 2012-2013
- Member, Board of Directors, Madison County Chamber of Commerce
- Executive Board Member, Ridgeland High School Athletic Booster Club
- Board Member, Old Town Middle School STEM/ICT Parent Advisory Board

Memberships

- Mississippi State Bar Association, MSB #10692
- American Bar Association (Member, General Practice, Solo & Small Firm Section and Tort & Insurance Law)
- Madison County Bar Association
- Mississippi Bar Approved Mediators List
- Mississippi Bar, Litigation and Workers' Compensation Sections

References

Available upon request.



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MEMORANDUM

TO: Mississippi Tort Claims Board
FROM: Lea Ann McElroy
DATE: March 20, 2014
RE: Political Subdivisions – Certificates of Coverage

RECOMMENDATION: Staff recommends approval of 49 political subdivisions shown on attached list.

MISSISSIPPI TORT CLAIMS BOARD
THURSDAY, MARCH 20, 2014

Political Subdivisions Recommended for Renewal of Certificates of Coverage

Bayside Fire District
Belden Volunteer Fire Department, Inc.
Bynum VFD
Carroll County Soil & Water Conservation District
Chiwappa Watershed District
Coahoma County Soil & Water Conservation District
Colespoint VFD
Copiah-Jefferson Regional Library
Courtland VFD
Curtis Locke VFD
Diamondhead Water & Sewer District
Ellison Creek Drainage District
Fulton City Clerk
George County Board of Supervisors
Isola City Clerk
Itawamba Community College
Jackson County Port Authority
Jackson-George Regional Library
Kearney Park Volunteer Fire Department
Lauderdale County Soil & Water Conservation District
Lewisburg Volunteer Fire Department
Longtown VFD
Madison City Clerk
Marion County Soil & Water Conservation District
Mid-Mississippi Regional Library System
Mt. Olivett VFD
Oak Vale Volunteer Fire Department
Oktibbeha County Central Drainage District
Panola County FFA
Pearl River County Board of Supervisors
Piney Creek Drainage District
Pleasant Grove VFD

Pope VFD
Red Hill VFD
Runnelstown Water District
Sardis Lower Lake VFD
Silver Creek Drainage District
Southeast Lamar VFD, Inc.
Squirrel Lake Drainage District
Straight Bayou Drainage District
Taylorsville City Clerk
Tunica County Board of Supervisors
Tunica County Soil & Water Conservation District
Union VFD
Walthall County Board of Supervisors
Walthall County Soil & Water Conservation District
West Covington VFD
West Hancock Fire Protection District
West Madison Utility District

Total Printed: 49